STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
AMENDMENT # 2
RFP # 317.03-141

August 24, 2006

The subject RFP is hereby amended as follows.

A.   The following RFP Schedule of Events updates or confirms scheduled RFP dates.

EVENT	TIME	DATE	UPDATED/ CONFIRMED
1. State Issues RFP		**July 12, 2006**	CONFIRMED
2. Disability Accommodation Request Deadline		**July 19, 2006**	CONFIRMED
3. Pre-proposal Conference	**1:30 p.m.**	**July 25, 2006**	CONFIRMED
4. Notice of Intent to Propose Deadline		**July 27, 2006**	CONFIRMED
5. Written Comments Deadline		**August 3, 2006**	CONFIRMED
6. State Responds to Written Comments		**August 24, 2006**	CONFIRMED
7. Second Round Written Comments Deadline		**August 31, 2006**	CONFIRMED
8. State Responds to Second Round Written Comments		**September 12, 2006**	CONFIRMED
9. Proposal Deadline	**2:00 p.m. CDT**	**September 26, 2006**	CONFIRMED
10. State Completes Technical Proposal Evaluations		**October 10, 2006**	CONFIRMED
11. State Opens Cost Proposals and Calculates Scores	**9:00 a.m.**	**October 12, 2006**	CONFIRMED
12. State Issues Evaluation Notice and Opens RFP Files for Public Inspection	**9:00 a.m.**	**October 16, 2006**	CONFIRMED
13. Contract Signing		**October 27, 2006**	CONFIRMED

14.	Contract Signature Deadline		**November 3, 2006**	CONFIRMED
15.	Performance Bond Deadline		**November 3, 2006**	CONFIRMED
16.	Contract Start Date		**November 13, 2006**	CONFIRMED

Informational Note 1 – Due to the number of changes reflected in the amendments below, the State is publishing a revised version of the RFP on the RFP website: http://state.tn.us/finance/oir/pcm/rfps.html. This version will be marked "Revised August 24, 2006" on its cover page. IMPORTANT NOTE: ALL VENDORS MUST RESPOND TO THE MOST RECENT, REVISED VERSION OF THE RFP, USING THE REVISED LANGUAGE AND FORMS.

B.   The following State responses to the questions detailed shall amend or clarify this RFP accordingly.

	WRITTEN COMMENT	STATE RESPONSE
	Note: in the questions that follow, any vendor's restatement of the text of the Request for Proposals (RFP) is for reference purposes only and shall not be construed to change the original RFP wording.	
1.	Not being familiar with the first four phase's: What is the standard for WAO's (Cat5, Cat5e, Cat 5E, Cat6, Cat6e, Cat6E-Panduit, Ortronics etc)	The current State standard for new cabling installed at State end sites is cat6. Due to cabling of sites over multiple years, cabling at State end sites can be cat5 or cat5e or cat6. Note that the State will provide any additional cabling needed.
2.	How many Data Jacks per WAO is required per your specifications	Standard installation is 1 data jack per work area outlet (WAO). The State requires workstation peripheral devices use serial or USB connectivity to the workstation versus ethernet connectivity to the network. If additional data jacks are required at an end site the State will be responsible for installation.
3.	Is the current main closets currently configured for additional structured cabling or will additional equipment be required as well.	Serial or USB connections will not require additional structured cabling or wiring closet equipment.
4.	If so, will conduit or power poles be required?	The State will provide power as needed.
5.	Ref. Section 1.1.3, para3: [a] Regarding a contractor bidding on the software and hardware architecture, which relates to "state accepted standards" and" open systems architecture," will there be access to these standards, and [b] if so, will it be before the August 24, RFP deadline?	The State's *Tennessee Information Resources Architecture* has been available since the publication of the RFP, in accordance with RFP Section 1.1.5. Vendors may request a copy of the *Architecture* by following the instructions in Section 1.1.5.
6.	Ref: Section 1.1.3para 3: Will any other software in the first tier be considered other than Java or .NET	The State will consider any first tier that has a compatible API defined for interface with the TRUST system.

7.	Ref: Section 1.1.3para 4: If the contractor modifies their software, whom will be responsible after Project Lifecycle to ensure modifications are installed with upgrades so that the functions of the system does not change or fail to operate?	The State does not use the term "Project Lifecycle" in the RFP. The Contractor's support responsibilities are defined with regard to the Warranty Period and System Support.
		The State is amending Pro Forma Contract Section A.11.a to redefine the Warranty Period to begin upon the State's acceptance and written approval of the first implementation site, "Metro Center." (See Amendment 2, Item F. The Warranty Period shall last for six months (though the State will get the benefit of longer manufacturers' warranties, if any). During the Warranty Period, the Contractor shall make any required modifications/upgrades and shall be responsible for any system failures, at no additional cost to the State.
		At the end of the Warranty Period, the State will decide whether to purchase ongoing System Support. If the State purchases such System Support, the State will do so in one-year increments, and will extend the Contract term, in accordance with Contract Section B.2 to accommodate the System Support term. The Contractor shall then provide all support services described in Contract Section A.12, at no additional cost to the State.
		For as long as the State chooses to purchase System Support from the Contractor, the Contractor will provide and install, at the State's discretion, system modifications and upgrades in accordance with Contract Section A.12. In other words, the Contractor will make all modifications required. In this case, the Contractor is responsible for any system failures resulting from the modifications.
		If the State chooses not to extend the contract or purchase System Support from the Contractor, the State shall still have the right to use the system and the software. However, at that point, the Contractor shall have no obligation to support the system, and shall not be responsible for system hardware or software failures. (See also Amendment 2, Item D, Pro Forma Contract Section E.4.b.v.)
8.	Ref: Section 1.5.9 para 2: What constitutes the longevity of the "contractor supported maintenance'? the lifecycle of the project or the lifecycle of the Hardware/Software?	The RFP reference in the vendor's question does not appear to be correct. However, with regard to the content of the question, see the response to Amendment 2, Question 7, above.
		In addition, note that the State has amended Contract Sections A.11.a and A.12 to include hardware and hardware components within the warranty and support services provided by the Contractor. See Amendment 2, Items H, J, K, L, M, N, and P.
9.	Ref: Section 1.5.1.1: Can Dorothy Vaughn provide direct contact with IT or MIS responsible personnel for direct technical and functional questions?	No.

10.	Ref: Section 1.5.10: Regarding "data or factual information, should the contract/bidder consider this functional operational data, not test or database data which may be used for testing?	RFP Section 1.5.10 applies to all data or factual information provided as a part of the RFP, or during the RFP process up to the point of Contract approval. Section 1.5.10 is not intended to apply to test or database data provided to vendors after the contract is under way.
11.	Ref: Section 4.5para 1: How does the section relate to Section 4.3.3 regarding a proposal of "alternative services"	RFP Section 4.5, paragraph 1, refers to "additional services." Additional services are services that the vendor proposes to supply in addition to those requested by the RFP. In other words, they are services that the State did not request in the RFP. By contrast, the "alternate services" referenced in RFP Section 4.3.3 are services that the Proposer is attempting to propose in lieu of, or as an alternative to, the services requested by the RFP. The proposal of alternative services is **not** allowed.
12.	Ref: Section 4.10 para 5: [a] Can the work stations be described, e.g., OS, Programming Software, physical memory, disk space, etc.? [b] Will contractors be able to design, develop, modify; otherwise perform testing and modeling on these work stations?	[a] The workstations will be configured as follows: Operating System: Windows Xp professional (service pack 1 or higher) RAM: 1GB or higher (max up to 2GB...all app servers require at least 1GB) Processor : Pentium 4 with speed of 3.20 GHZ or higher Hard drive : ideal would be 50GB [b] Yes.
13.	Ref: Pro Forma Section A.4.a. In the last sentence of the paragraph there is a discussion about one "configurable version" at all locations. Does this mean that the software must operate manual (Batch) and (Real Time)? We assume this is true and will be on the same platform.	The vendor's assumption is correct.
14.	Ref: Pro Forma Section A.5.a To what level will the Demo be required, e.g. POS Software and peripherals integrated with an Inventory System and reporting. We assume that the State will provide any test data from the existing database that may be deemed required for such a demo.	The demo should try to illustrate all or many functional requirements as mentioned in the RFP. Demonstration or explanation of integration with external interfaces must also be brought forward. The State will provide the test data deemed by the State to be required for the demo.

| 15. | Ref: Pro Forma Section A.8. [a] Regarding licensing, what does the last sentence mean pertaining to "meeting State legal requirements?" [b] Also, to what degree would the State modify the original licensing agreement? | [a] ". . . meeting State legal requirements" refers to the State's inability to negotiate on terms that are either (1) statutorily or constitutionally disallowed; or (2) not in the State's best interest from a legal or business standpoint. See Amendment 2, Item C, for a new Contract Attachment I, which provides a general discussion of the items that the State considers "non negotiable." Note, however, that there may be other items not discussed in Contract Attachment I that also may be non-negotiable.

In accordance with RFP Section 5.3.4, all negotiated deviations from, or additions to, RFP attachment 6.1, Pro Forma Contract, must be in the State's best interest.

The State will not accept language in conflict with State law or the State's Pro Forma Contract in any terms, conditions, rules, policies, or regulations contained in Contractor's invoices, purchase orders, user manuals, web pages, delivered software, or correspondence. Furthermore, the State will not be bound by contracts or licensing agreements between the Contractor and any third party vendor whose software or services are provided to the State under this agreement (at least to the extent that such agreements are inconsistent with State law or the State's Contract).

[b] Assuming that "original licensing agreement" refers to a <u>vendor's</u> software licensing agreement (the "SLA"), the State cannot anticipate in advance the degree of modification required. However, as described in Amendment 2, State's response to Question 15, [a] above, the State will delete or modify or delete <u>all</u> sections of the vendor's SLA that are deemed non-negotiable or not in the State's best interest.

Vendors must not construe the State's willingness to accept some vendor licensing provisions as any form of commitment to resolve the issue to the satisfaction of the vendor. If the State cannot arrive at a solution that is acceptable to the State, the State reserves the right to cancel the award to the apparent best-evaluated Proposer and devolve to the next-best-evaluated Proposer. |
| 16. | Ref: Pro Forma A.11.a Warranty Period: What is the actual period other than the term of the contract? Does this include the infant mortality burn in period? If the warranty extends beyond implementation at what point would the Contractor be justified in invoicing the State for "fixes"? | The State has amended the warranty and system support provisions to accomplish the following:

1. Provide distinct definitions and timeframes for the Warranty Period and System Support.

2. Remove the concept of the "burn-in" period.

Please see Amendment 2, Items E, F, G, and H. See also the State's response to Amendment 2, Question 7, above. |

17.	Ref: Pro Forma A.11.b System Performance: [a] What response time parameter will be considered the basis of network of system degradation? E.G., character echo delay in the third tier, or screen reads. [b] What if the network needs tuning due to the loading of the network with new software? [c]Who will be responsible for tuning of the State's communications network nodes?	[a] Response time parameters are listed in Pro Forma Contract Attachment B, Section B.6. If the response problem is determined by the State to be the result of the State's hardware, software, or network (i.e., the result of hardware or software components not provided by the Contractor or its subcontractors), then the Contractor shall not be held responsible for the problem or its solution. [b] and [c] If the problem is determined to be the result of State-supplied hardware or software, then the State shall be responsible for tuning required to resolve the problem. See Amendment 2, Item I.
18.	Ref: Pro Forma A.12.a.iv: The term Documentation: Does this mean technical or user manual for operations updated? Or does it mean both?	The State's requirement is for both the technical documentation on how the system accomplishes the task as well as the Training/User Manual.
19.	Ref: Po [sic] Forma A.12.a.ix: Do the days (3 and 1 respectfully), mean call time, response to problem, fix problems e.g., Mean time between failure (MTBF) or mean time between repairs (MTBR)?	That means MTBF.
20.	Ref: Pro Forma A.12.b.ii (2) Please explain the connotation "latent shortcomings for subsequent correction" in context used in the last sentence.	"Latent shortcomings" in this context refers to issues of noncompliance, as described in Section A.12.b.ii(2) that were not discovered by the end of the State's acceptance period (15 days in the RFP, as published). The State is amending the acceptance period for enhancements and modifications from fifteen (15) calendar days to twenty (20) calendar days. The State has also modified the same provision to specify the State's recourse in the event of latent shortcomings. (See Amendment 2, Item S.) As long as the State is current on its System Support payments, the Contractor must repair all latent shortcomings at no cost to the State.
21.	Ref: Pro Forma A.13-A.13.c: Source Code Escrow: It is clearly understood that the State wants to protect itself from a contractor that may go out of business. Please consider the case of a contractor that provides services (system integrator), and is partnered with POS software vendors. Will the state consider that the vendor may not provide the actual source code of their, for example, POS software, and if they do, it will drive the cost of the project up? This can be true for the Inventory application software. It is clearly understood about integration and modifications, thereof, application software need for escrow in the case of system integrator.	The requirement is that all software (1) not owned by the State, and (2) proposed by the prime contractor under this procurement as necessary for the full operation of IPSIS, be escrowed. This potentially includes POS software, inventory software, and/or any other software necessary to meet the State's requirements as expressed in RFP #317.03-141. Therefore, vendors proposing as prime contractors may find it necessary to execute agreements with subcontractors providing software to insure that the requirements of Contract Section A.13 are met. It is up to the prime contractor to determine the exact nature of the business relationships required with subcontractors and execute any agreements necessary. See also Attachment 6.1, Pro Forma Contract, Section D.5, for provisions pertaining to the prime contractor/subcontractor relationship.

22.	Ref: Pro Forma C.9 Retention of Final Payment: What actual % will be withheld for final payment and how is it figured?	See Pro Forma Contract Section C.3.a. As stated in the asterisked note beneath the payment table, the retainage is ten percent (10%) of the Cost by Phase for each Development Phase milestone.

In the Payment Amounts table in Section C.3.a, there is a parenthetical note on each of the Development Phases—Design, Construction, and User Acceptance test—that explains how the total for each of these phases is determined. Similar notes appear in RFP Attachment 6.4, Section 6.4.A.

To take the Design Phase as an example, the total, including retainage, to be paid for the Design Phase is 20% of the total for all Development Phases. The amount of retainage for the Design Phase is then determined by calculating 10% of the total to be paid for the Design Phase. This is the amount that will be entered into the "Retainage Amount" column on the table.

For example, assume that the Total for all the development phases (Design, Construction, and User Acceptance Test) is $150,000.00. The total payment, including retainage, for the Design Phase would be $30,000 ($150,000 X .20). The retainage for the Design Phase would then be $3,000 ($30,000 X .10).

Retainage for Construction and User Acceptance Test are calculated in the same way, and the Total of Development Phases Retainage accumulated is the sum the three retainage amounts. |
| 23. | Ref: Pro Forma E.4.b.i and ii: Will the State sign any written agreement to protect the Contractor's Proprietary Information pertaining to the complete or partial design, development, and implementation of the State's IPSIS POS and Integrated Inventory System? | The only agreement the State will sign is the State's Pro Forma Contract. See also the State's responses to Amendment 2, Questions 15, 29, and 30. |
| 24. | Ref: Attachment A Business Locations, para 2. [a] How soon does the State expect to move all County locations to real time functionality versus batch. [b] Is there a push by the State to move all locations to real time? We would assume that if all the batch locations move to real time, it will be out of the scope of this project; especially if it commences after October 11, 2006. | [a] The State is pushing towards making all the counties real-time when Phase 5 (Jan 2007) is deployed.

[b] Yes, Phase 5 is scheduled to deploy in Jan 2007. If IPSIS is not ready to deploy at that time, it will be deployed as soon as possible in a staged deployment schedule, county by county. The vendor's assumption related to "out of scope" activities is incorrect. On January 31, 2007 the TRUST system will provide most transaction types in a real-time environment. There are a few transaction types and processes that require and will remain in a batch process. |

25.	• (p. 18, A.3.b) For each peripheral environment, the Contractor will provide, install, test, and ensure proper functioning of the following (see Contract Attachment B, Section B.7) . . . [a] If the respondent has both a credit card/ magnetic strip reader and an integrated pin pad and mag stripe reader (a multifunctional unit), how should the respondent provide pricing for them? [b] Can the respondent provide pricing for both? For example, would the State look at pricing for the multifunctional unit (combo pin pad and mag stripe reader) even though separate pricing is requested for the pin pad unit and mag stripe reader? • [c] Does the State want pricing on each item or only the product that is preferred?	[a] If the vendor is able to propose both (1) a credit card/magnetic strip reader and (2) an integrated pin pad and mag stripe reader (a multifunctional unit), the vendor must make a choice and propose one <u>or</u> the other, either (1) <u>or</u> (2). Do not propose both. The State has no preference, as long as the functionality required by the RFP is provided. Note that the State has amended the RFP to require the vendor to itemize all items that will be included in the vendor's proposed POS Peripheral configuration (See Amendment 2, Items H, P, Y, and Z). The point of Attachment 6.3, Peripheral Component Supplement – 6.4.D.b, is to provide a document on which the vendor must list and provide pricing for <u>every</u> item that will make up the configuration it is proposing to meet the State's needs under Contract Section A.3. However, this list must <u>not</u> contain "options." It must contain the specific set of components required to meet the State's needs. [b] No. See the answer to this Question 25, [a] above [c] The State only wants pricing for the specific components the vendor is proposing (i.e., no options).
26.	(p. 21, A.9) <u>System Documentation</u>. The contractor shall provide IPSIS documentation, in the form of a Users Manual, tailored as needed to reflect the Requirements in Contract Attachment A. This manual shall provide complete information and instructions in the day-to-day, non-technical business use of the IPSIS System. • [a] What format do you require the System Documentation to be presented in: printed or digital? • [b] If printed, how many copies?	[a] System documentation should be in Printable electronic format. Preferably in Word or PDF. [b] No hard copies are required. The State will print its own copies given that the documentation is printable from an electronic format.
27.	(p. 27, C.4.a) The "Official Station," which is defined as the location at which Contractor personnel shall perform the major portion of their duties, is Nashville, Tennessee. *Vendor'*s typical engagement calls for on-site (client-side) design, training and implementation. Base system configuration and development is performed at Contractor facilities where its main resources are located. The deployment/training/install/ phases are performed on-site. [a] What is the meaning of "major portion" of the duties? [b] What are the State's expectations?	[a] The State is amending RFP Section 4.10, second paragraph to clarify that, in addition to programming, "configuration" services may also be performed at the vendor's site. Note however, that, as stated in the third paragraph of Section 4.10, the State may require Contractor personnel to be on site during any phase of the project, if this is in the interest of the project. [b] The State's expectations are expressed in RFP Section 4.10, as amended. See Amendment 2, Item T.

28.	(p. 27, C.4.c) In some cases, at the State's request and with prior written approval, Contractor personnel may be required to travel and work away from the Official Station. Such travel expenses shall be reimbursed in accordance with the *State of Tennessee Comprehensive Travel Regulations*, as amended from time to time (see http://www.state.tn.us/finance/act/policy.html). **Questions:** • [a] Is the official station part of the Metro Center? • [b]If not, where is the Metro center located? • [c]Does item 4.10 on page 12 refer to the Official station?	[a, b] The Official Station is Nashville, TN and its environs. Metro Center is considered an "Official Station." [c] The fourth paragraph of RFP Section 4.10 is redundant with Contract Section C.4.c; therefore this paragraph is being deleted In addition to deleting the fourth paragraph of RFP Section 4.10, the State is also amending Contract Section C.4 to clarify that the State will not reimburse the Contractor for any travel related to the first 131 POS Peripheral installations. See Amendment 2, Items U and V.
29.	(p. 30, E.4a.) <u>State Ownership of Work Products</u>. The State shall have all ownership right, title, and interest, including ownership of copyright, in all work products, including application source code, created, designed, or developed for the State under this Contract. The State shall have royalty-free, exclusive, and unlimited rights to use, disclose, reproduce, or publish, for any purpose whatsoever, all said work products. The Contractor shall furnish such information and data upon request of the State, in accordance with the Contract and applicable State law. **Comment:** *Vendor* wishes to take exception to this item in the Special Terms and Conditions. *Vendor* provides Commercial off the Shelf (COTS) solutions and as such, title and interest to its intellectual property cannot be transferred to the State. [a] *Vendor* would like to change the wording in this clause to the following: *Vendor* shall deliver to the Client both source and object code for all derivative works developed for Client. [b] Each licensed copy of a program may be used with a single central processing unit of the Client's designation. [c] The license, if any, may be granted on behalf of, or in conjunction with the license granted by the original manufacturer of the product.	[a] The State does not accept the vendor's proposed language. However, the State has amended Pro Forma Section E.4 to further define the software categories and to clarify that the State intends to own only those portions of IPSIS that were developed using State money or resources. See Amendment 2, Item D. [b] With regard to the licensed copies required, the State has provided to the Vendors, in RFP Attachment 6.1, Pro Forma Contract, the numbers of user licenses required, number of counties, and number of peripheral workstations to be installed (Sections A.2.c and A.3 respectively). Contract Attachments F, G, and H provide further information on counts and locations of users and peripherals. Apart from these indications, and because different vendors may have different approaches to licensing, the State cannot commit to a particular deployment strategy at this time. The vendor's Proposal must meet the State's requirements and all costs to meet these requirements must be included in the RFP Attachment 6.4, Cost Proposal. [c] In accordance with Contract Section A.8, the State will not sign separate licensing agreements. The State will sign one agreement, which shall be substantially RFP Attachment 6.1, the Pro Forma Contract.

30.	(p.30, E.4.b.i.) Contingent upon the State's payment of Software Licensure/System Support fees, the Contractor hereby grants the State a perpetual, royalty-free, irrevocable, unlimited, and non-exclusive right to use the Contractor Proprietary Products for the State's business purposes. The Contractor affirms that Contractor is duly authorized to grant this right. **Comment:** *Vendor* wishes to take exception to this item in the Special Terms and Conditions. Contractor provides an annual license key that is renewed annually. We grant the State a perpetual right to renew, royalty-free, irrevocable, unlimited and non-exclusive right to use the Contractor Proprietary products for the State's business purposes.	That State does not accept the vendor's proposed language. That State requires a "perpetual right to <u>use</u> the Contractor Proprietary Products," not just a "perpetual right to <u>renew</u>." [Emphases added.] Note that the State has amended Pro Forma Contract Section E.4.b.i (amended as E.4.b.iv) to clarify that contingent upon the final Base License Initial Licensure payment, the Contract shall grant the State the rights to use the software stated in Section E.4.b.iv, as amended. (See Amendment 2, Item D, Section E.4.b.iv.
31.	(p. 35, paragraph 2) "The Contractor will only be responsible for one in-bound and one out-bound interface format, which shall conform to the API given in Contract Attachment E. **Question**: [a] Is this Interface inclusive of the STAR system and [b] will integration into STAR be a requirement of the POS of this RFP?	[a] There is no business requirement to interface with STARS. [b] No.

| 32. | (p. 37, paragraph 3) "Cash drawer operations must provide for the capability for the integration of automated point of service, check validation, check acceptance (franking), check writing, scanning and barcode equipment."

Questions:
• [a] What does the term "check writing" mean in this RFP?
• [b] Are the cashiers asking for any form of identification when a check is presented for payment at the cashier station?
• [c] If yes, do they view a driver's license or ID card as a form of identification?
• [d] Would it be valuable to include an image of this ID with the transaction process?
• [e] If so, would this become part of the franking process and considered a requirement of this RFP?
• [f] Is the State moving toward Check 21 or ACH processing?
• [g] If so, should equipment capable in meeting Check 21 requirements be part of this POS hardware?
• [h] Please elaborate on this requirement: This integration must provide for equipment that will automate check validation. | [a] The business requirement to provide check writing has been removed (see Amendment 2, Item X). Vendor does not have to provide this functionality.

[b, c] Cashiers ask for form of identification, like Driver's License or ID Card

[d, e] This would mean imaging the ID, which is not included in the scope of this RFP.

[f, g] The State requirement is for ACH only, not Check 21. Equipment capable of meeting ACH is required.

[h] In the current POS system used by the state, it generates a unique transaction identifier and through document validation equipment, the check or document is imprinted with the number, account ID, date, etc. Subsequently, this is used to track back to the transactions if questions arise. The new system should provide for similar tracking with a unique transaction identifier. |
| 33. | (paragraph 4 p. 37) "…the capability to track and easily associate a dishonored check with the originating activity must be provided."
Questions:
• [a] What is meant by "the capability to track and easily associate a dishonored check with the originating activity must be provided"?
• [b] Does the State retain a "bad-check" list or is this something the Contractor must create? | [a] This means that dishonored check must be tied back to the original transaction that accepted this check.

[b] The state does not retain a "bad-check" list. It is our understanding that check franking must connect to a service that provides the bad check list. |

34.	A.1.2.3 (p. 41) "…When a bad check is cleared, the system must have the ability to validate the original transaction". **Questions:** • [a] Is the State looking to have the IPSIS create a hold queue for checks in "transition"? • [b] Please clarify the intent of the requirement. If this process takes several days or weeks to resolve when the bad check is cleared, and the system validates the original transaction, how will the difference in penalties, late fees etc. be rectified? • [c] Also will there be a fee for the bad check?	[a] System should flag the Original Transaction as "Bad – Check" and when the bad check is cleared the flag should be also cleared from the DB. [b] The TRUST system will contain a late fee table by county. The POS system should have the ability to flag the "Bad Check" transaction, clear the bad check flag and then assess the amount of the penalty or late fee. [c] The system should provide for the ability to assess a late fee for bad checks.
35.	(p. 37, paragraph 5) "… An automated bank deposit reconciliation process for cash drawer and remittances must also be supported". **Questions:** • [a] Does the State currently have a Cash Management System in place? • [b] If so, please describe. • [c] If not, please recommend the requirement to support.	[a] The State's current cash management system does not furnish automation of bank deposit processing. [b, c] The State's Cash Management requirements are found in Contract Attachment A. The system needs to be able to compile all the bank deposit information needed for a daily deposit. This would enable the County Clerk's office or the State office to have all the cash transactions for the cash drawers in their respective offices to be summarized in a format that could be easily used for the bank deposit in their office.
36.	(p. 37, paragraph 6) "…Penalties and interest for late remittance of activity fees and taxes must also be tracked to activity level. **Question:** • [a] Is it a requirement that IPSIS interface to Financial System (STAR) to track these items? • [b] How are deposits being made today at the county level?	[a] There is no requirement to interface with STARS but the system should be capable to interface with the revenue system (RITS) in the future. [b] Each county deposits their fees at their local bank on a daily basis. The total amount of the State fees deposited for that day is remitted in one check that is mailed to the State. The State daily keys in and deposits the checks received from all the counties. It summarizes the amounts in a daily bank deposit summary.
37.	(p. 40, A.1.1.12) " … both the monetary value of the cash drawer and the count of remaining controlled stock items assigned to the cash drawer, if applicable, have been reconciled." **Question:** How will the revenue be posted to the General Ledger?	There is no requirement to post it to the General Ledger, but the system should be capable to interface with the revenue system (RITS) in the future.

38.	(pp. 40-41, A.1.2.1) "The system must provide for the calculation of fees, credits, taxes, penalties and interest." **Question:** To which HOST application will the POS be communicating to retrieve this data?	The calculation will be done by Phase 5 TRUST. POS can interface with the TRUST to retrieve those.
39.	(pp. 40-41), A.1.2.1 "Provide the ability to electronically perform check acceptance and record the information in system. **Question:** • [a] What is meant by "electronically perform check acceptance?" Please detail the steps. • [b] Does the POS system have the responsibility for calculating the fees, credits, taxes, penalties and interest? [c] Or are these values coming from the TRUST system? • [d] What does TRUST stand for?	[a] This requirement is termed "check franking" in the RFP. The check is scanned and an outside service validates that the check writer is not a person with a history of writing bad checks. [b, c] POS system does not have the responsibility to calculate any fees; it will be part of the TRUST system. [d] TRUST stands for "Title and Registration User's System of Tennessee."
40.	(p.41 paragraph 2) "Post Condition: One or more occurrences of PAYMENT are created. One or more occurrences of SUPPORTING DOCUMENT may be created and associated with appropriate ACTIVITY. One or more occurrences of ACTIVITY PAYMENT is created and associated with the appropriate ACTIVITY. **Question:** What is meant by "SUPPORTING DOCUMENT?"	"Supporting Documents" refer to business documents that relate to an Activity. E.g., "Certificate of ownership", "MSO/MCO". These documents are taken as part of Phase 5 and POS system doesn't have to provide any business logic around Supporting documents.
41.	(p.41, paragraph 3) "…For payments by check, provide the ability to use electronic check acceptance equipment." **Question:** Is the "electronic check acceptance equipment" a service or piece of hardware Example – TELEcheck type of service?	This is a service. Telechek is an example.

42.	(p.41, A1.2.4) Record Deposit	[a] Yes.
		[b] Yes, there is a need for IPSIS to interface with the TRUST system. All the receipts received must be summarized by different account activity types and must be presented in a report format to be used in the bank deposit summary The system needs to be able to compile all the bank deposit information needed for a daily deposit. This would enable the County Clerk's office or the State office to have all the cash transactions for the cash drawers in their respective offices to be summarized in a format that could be easily used for the bank deposit in their office.
	Question: [a] Is this a cash management system? [b] If so, is this a separate interface from IPSIS?	
43.	(p. 42, A.1.3.1) Record County Remittance of Fees and Receipt of Work	[a] As the County receives the fees for various activities each day they will key in the information into IPSIS. Each day the County will assign an invoice number for that day's activities. At the end of the day, all of the transactions for that day will be reported in the day's invoice. The County will deposit the checks received by their customers at their local bank. Additionally, a summary of all the transactions by activities (registrations, titles, disabled placards, temporary operating permits, etc.) will be prepared. The summary will include a place for penalties that are accessed to the County. This summary will be the basis for the remittance submitted by the County to the State. The County will write one check for the total remittance. The County will then mail the check, registration and title documents, invoice and remittance summary to the State.
	Questions:	
	• [a] Please provide an example of what is transpiring.	
	• [b] What kind of data is included on the invoice that the County is sending to the State?	
	• [c] Is the State looking for the POS application to create an invoice that County will submit to the State?	
		When the State receives the County work and remittance, the State, on the system, will acknowledge receipt and verify that the check amount and other information agree with the remittance summary. The State will repeat this step for all the work and checks received from the Counties. A report will be run to summarize all the County's deposits and will be the basis of the State's daily deposit.
		[b] The following is included in a typical invoice: County name, date, invoice number, registrant's name, vehicle make, vehicle VIN, title number, plate number, plate traded number, plate class code, year, decal number, registration fee, title fee, state tax, local tax.
		[c] The State is looking for the POS application to create an invoice that County will submit to the State.

44.	(p. 49) Attachment B Hardware / Infrastructure and Standards Requirements **Question:** The infrastructure requirements point to a thin-client deployment, however, during the pre-bid conference a desire to operate in a disconnected state was expressed. In order to accomplish a disconnected processing environment, the use of a rich-client or PC-based applications may be required. Can you please clarify the requirements as they relate to operating in a disconnected or downtime environment?	The State does not have a requirement for IPSIS to provide remote functionality if the remote site is disconnected from the State data center.
45.	(p. 70, B.14) Provide customer references for similar projects representing three of the larger accounts currently serviced by the vendor. **Question:** Will the State accept more than three references?	No. In accordance with RFP Attachment 6.3, Section B, Item B.14, the State will accept up to three (3) references, <u>but no more than three</u>. If the vendor submits more than three, the State shall <u>randomly</u> select three references for evaluation. Note that this limitation does not apply to the State references required in Item B.15; the State references, if any, are in addition to those provided under B.14.
46.	(p. 85) Requirements Matrix **Question:** Will the State accept comments for items with a "Y" response?	Explanatory comments are <u>mandatory</u> on any requirement marked as "M." The State will also accept comments on requirements marked "Y" or "Q." However, any comment that qualifies a "Y" response may result in the State evaluating that response as an "M."
47.	(p. 73) Hardware Requirements (Contract Attachment B) C.3 Provide a narrative that confirms that the hardware components, technical architecture and software products are consistent with the State's standard. Any and all components that are not listed as a State standard must be identified. **Question:** Does the State want the respondent to retype the requirements listed in Attachment B (pps. 50-52, B.2 – B.8) and provide a narrative to each?	Yes, the Proposer should restate the requirements and provide a narrative for each requirement. Note that a Word version of the RFP will be available on the RFP website: (http://state.tn.us/finance/oir/pcm/rfps.html) This should facilitate the effort by allowing the Proposer to copy and paste the requirements into its response.
48.	p.9 item 3.3.3 Each Proposer shall ONLY record the proposed cost exactly as required by the Cost Proposal and Evaluation Guide and shall NOT record any other rates, amounts, or information. **question**: In addition to the State's pricing format, can the respondent also provide pricing in their own format?	No! Absolutely not.

49.	It appears that all integration needed for the various business units link back to the mainframe through the TRUST application. [a] Given the XML sample provided, should vendors assume that all integration points to TRUST are webservices oriented? [b] If not, then what integration methods are supported? [c] If isolated to webservices, then would integration take the form of a single webservices interface with multiple calls for the various business units?[d] Any additional information on integration to host systems, including the TRUST application would be beneficial to us in developing our response.	[a] That is correct. TRUST provides integration points though web services. [b] N/A [c] The inventory order information is contained in a DB2 database, that can be accessed through JDBC or writing Stored Procedure. [d] The State will provide a web service schema during the design phase of IPSIS.
50.	[a] Will business logic for fee calculation, restrictions or other related business logic be performed by the TRUST application and provided to the Point of Sale application? [b] Or will the Point of Sale application build specific business logic based on data elements received that vary by business unit being serviced?	[a] The business logic resides in the TRUST application and will be provided to POS application. [b] No, see State's response to this Question 50, [a] above.
51.	[a] Is there an existing centralized repository for tracking Non-Sufficient Funds (NSF) Check activity and NSF history or [b] will the Point of Sale application be the source for historical NSF activity? [c] Does the State use any check guarantee services?	[a] There is no existing centralized repository of NSF check [b] POS will be the source of historical NSF activity. [c] The current system does not provide check guarantee services. The State requirement is to validate that the check is not written by an individual with a history of writing "bad" checks.
52.	Will a n-tiered solution using VJ++ client code, WAS middle tier and Citrix be considered by the State? Current deployments support 40-80 clients on a blade Citrix server. The only client side aspect required is a driver that would be delivered via an applet.	This will be an acceptable approach.
53.	[a] Will JDBC be supported? [b] If not, what specific XML service will be provided to the database? [c] SOAP?	[a] JDBC will be supported. [b] N/A [c] Also, SOAP XML services can be provided by TRUST.
54.	What specific email requirements are to be met from an application standpoint?	The State does not have any POS requirements for email. The TRUST system will handle this.
55.	The RFP mentions barcode scanners related to inventory item scanning but does not specify the purchase of barcode scanners in the peripherals listed in the costing section. [a] Are we to assume that the State has existing barcode scanners it wishes to use? [b] If so, please provide the specifications for the barcode scanners.	[a] Yes, the State uses a Hand Held Product IT4600SF and IT4600SR. Mostly SR's. [b] The State is adding these specifications as RFP Attachment J. See Amendment 2, Item AB below.

56.	Should the Weight figures in 6.4.C.1 through 6.4.C.5 of the Cost Proposal Schedule be adjusted to show a cumulative number of Additional Users over the five year period so that the total cost for the five years will include the support of the cumulative number of users rather than just one year of support for the Additional Users added in a year?	Yes. The State has Amended RFP Attachment 6.4, table 6.4.C, to reflect the cumulative weights. See Amendment 2, Item W below.
57.	[a] Does the State want vendor hardware maintenance costs for the years beyond the warranty period included in the price of the hardware? [b] If so, how long a time period should the equipment maintenance costs cover? [c] What is the desired service level for the equipment? [d] On-site, depot, etc.?	[a] The State has amended the RFP and Pro Forma Contract to make maintenance of all hardware and hardware components the responsibility of the Contractor for as long as the State purchases system support from the Contractor. This responsibility is added to the vendor's responsibilities for system support, defined in Pro Forma Contract section A.12 (Amendment 2, Items J, K, L, M, N, O, and P). It is up to the vendor to decide where it wants to include the costs, staying within the format of Attachment 6.4, and to include all costs within its Cost Proposal. As stated in RFP Section 3.3.4, the proposed cost "shall incorporate <u>all</u> costs for services under the contract for the total contract period." In addition, the Proposer shall "<u>NOT record any other rates, amounts, or information</u>." [b] The time period is variable depending upon whether or not the State decides to purchase ongoing system support after the expiration of the six-month Warranty period (see Amendment 2, Item F). For additional information on the Warranty Period and System Support, please refer to the State's response to Amendment 2, Question 7. [c, d] All service must be performed and completed on-site at the location of the failed component.
58.	The RFP does not address printing forms, such as title applications, title forms, and renewal forms or reference any functions pertaining to motor vehicle transaction processing other than accounting for the money and inventory. [a] Will the proposed POS system be required to print these forms, or will they be printed by some other means and [b] will it be required to handle all motor vehicle transaction processes now in place? [c] If so, please list all processes and functions and provide the required specifications for those processes and functions (describe the process).	[a] The proposed system will NOT be required to print any forms, titles. This will be taken care by Phase 5 TRUST System. Phase 5 TRUST will also address all the motor vehicle transactions. So this is not to be addressed by the proposed system. [b] The proposed system will NOT be required to handle all current motor vehicle processes. [c] N/A

59.	[a] Is it the intention of the RFP to completely replace all processing done in T&R currently by the system in place? [b] Are additional functions required in addition to the system currently in place? [c] Will the new system be required to track, store, and process the same data as the current system? [d] Will this include J#'s, Z#'s, etc? [e] If so, please list all processes and functions and provide the required specifications for those processes and functions (describe the process).	[a] There is NO intention for the proposed system to replace all the processing done in T&R. The intent of the RFP is to procure a POS/Inventory system application that will interface with the TRUST application. The proposed system must account for the money and inventory related to the transaction that is taken care of by the TRUST – Phase 5 application. [b] Yes. The cash management functions are generally the same, but the inventory component is new. [c] Yes, to the extent described in the response to Amendment 2, question 59, [b] above. [d] Yes. [e] J#'s and Z#'s are Department of Revenue tax classes. The numerical tax class codes for J#'s and Z#'s range from 10501 through 10599. The revenue codes are used in RITS (Revenue Integrated Tax System). These tax class codes are in the current cash management system and processes are in place that identify and report them separately. These tax classes need to be maintained in IPSIS since it will eventually interface with RITS.
60.	Please describe the support that is required by this RFP. Will the winning bidder be required to staff a help desk and answer calls from all end users, or will the winning bidder only be required to answer calls from the State?	The State will only require the Contractor to respond to calls from the State.
61.	Please describe how the RFP should be read, in regards to section B.5.1 and B.5.2. [a] Should it be read as B.5.1 or B.5.2 as required standards, or is B.5.1 and B.5.2 both required standards? [b] If so, please explain why B.5.2 states "if application is browser based"?	[a] Both are required standards. [b] As explained in the B.4.6, the fat client approach is not acceptable. Given that the State requires a thin client approach, a browser based approach is required.
62.	Page 42 (A.2) Is there currently an inventory tracking system in place at either the State level or at the (automated) County level?	Currently, the State doesn't have an inventory tracking system that tracks the Controlled/non-controlled stocks. In other words there is no link established between the plates sold and the inventory for that plate that was assigned to a county. This is one of the major audit deficiencies in the current system and the IPSIS must resolve this deficiency. The inventory ordered and placed to different counties should reside in DB2 tables that can be accessed by the IPSIS system. These DB2 tables are not a part of the IPSIS system. See also the State's response to Amendment 2, Question 63 below.

63.	Page 42 (A.2) [a] Is the State looking for a fully functional Inventory Management system or [b] just a process oriented front-end that provides the functionality of the requirements listed in the RFP to an existing inventory database (system)?	[a] No [b] Yes
64.	Page 42 (A.2) Will the Inventory Management System require an interface to TRUST or STAR?	Inventory Management System must interface with TRUST either at the database level or API level. There is no interface required to connect with STARS. See response to Amendment 2, question 67, [a] response below.
65.	Page 62 (Attachment G) What are the automated Counties in this listing use today for POS processing and inventory control?	The counties listed use independent T&R systems which have their own POS systems. They communicate with the state currently by sending a data file. Inventory control across the state does not exist.
66.	Page 62 (Attachment G) [a] Will these automated Counties require immediate access to the Inventory System and [b] if so, how many users are planned for the first roll-out?	[a] Only counties who choose to no longer use their independent systems will need access to the inventory system. This will happen gradually and may only include a few counties. [b] We only have indications that one or two might convert to the state's system quickly after implementation. Many will have a wait-to-see attitude to conversion.
67.	General Question [a] Regarding the interface to STAR, please provide examples of booking revenue to this system. In particular, is revenue for fees and other types of collections booked to one or multiple GL accounts? [b] If multiple GL accounts, is the split fixed or percentage based? [c] Are balanced entries required? [d] If yes, are offsetting GL accounts based on tender type, deposit account or other conditions?	[a] The STARs system will be phased out in the near future. STARs is being replaced by the Edison system currently in detail design phase. The State requirement is for the POS/Inventory system to interface to the TRUST system. TRUST will be capable of interfacing with the Department of Revenue RITS system. The POS/Inventory system will be responsible for maintaining J's and Z's. See also the responses to Amendment 2, question 59. [b] See response to Amendment 2, question 67, [a] above. [c] See response to Amendment 2, question 67, [a] above. [d] See response to Amendment 2, question 67, [a] above.
68.	General Question Do rules exist for the types of tenders that can be accepted based on the type of fee, product or collections?	There are no rules pertaining to types of tenders based on the type, product or collections. Any type of fee, product or collection can be paid for by any type of tender.
69.	General Question Do rules exist for the banking of tenders based of the type of fee, product or collection?	There are no rules pertaining to types of tenders based on the type, product or collections. Any type of fee, product or collection can be paid for by any type of tender. The state requirement does not require tender type to be distinguished.

C. **Add as Contract Attachment I the document labeled "Contract Attachment I," included herein as AMENDMENT 2 – ATTACHMENT 1.**

D. **Delete Attachment 6.1, Pro Forma Contract, Section E.4 in its entirety and replace it with the following:**

E.4. <u>Ownership of Materials and Rights to Knowledge Obtained</u>. The provisions of this section E.4 shall survive the termination of this Contract.

E.4.a. <u>Definitions of Software Categories</u>. The software provided for IPSIS may be comprised of the following portions:

E.4.a.i. "Contractor-Owned Software," which shall mean commercially available application Software the rights to which are owned by the Contractor, including but not limited to commercial "off-the-shelf" Software which is not developed using State's money or resources.

E.4.a.ii. "Custom-Developed Application Software," which shall mean customized application software developed by the Contractor solely for the State (the "Work Product").

E.4.a.iii. "Third-Party Software," which shall mean commercially available application Software the rights to which are owned by a Third Party, including but not limited to commercial "off-the-shelf" Software which is not developed using State's money or resources.

E.4.b. <u>Title and Rights to the Software</u>

i. All right, title and interest in and to the Contractor-Owned Software shall at all times remain with the Contractor, subject to the license granted herein. The Contractor shall not provide the State with source code for the Contractor-Owned Software; however, such source code shall be escrowed in accordance with Contract Section A.13.

ii. All right, title and interest in and to the Third-Party Software shall at all times remain with the Contractor or the Third Party, subject to the agreements between those parties. The Contractor shall not provide the State with source code for the Third-Party Software; however, such source code shall be escrowed in accordance with Contract Section A.13.

iii. The State shall have all ownership right, title, and interest, including ownership of copyright, in all Work Products, including application source code, created, designed, or developed for the State under this Contract. The State shall have royalty-free, exclusive, and unlimited rights to use, disclose, reproduce, or publish, for any purpose whatsoever, all said work products. The Contractor shall furnish such information and data, including object and source code, upon request of the State, in accordance with the Contract and applicable State law.

iv. Contingent upon the State's payment of the final Base License Initial Licensure fee, the Contractor hereby grants the State a perpetual, royalty-free, irrevocable, unlimited, and non-exclusive right to use the Contractor-Owned Software and the Third-Party Software for the State's business purposes. The Contractor affirms that Contractor is duly authorized to grant this right.

v. In the event that the State stops paying system support fees, the Contractor may cease to provide system support services. However, in this event, the State shall still retain all rights conferred by this Section E.4, and all such rights shall survive the termination of this Contract.

vi. The State shall take all reasonable steps to preserve the confidential and proprietary nature of the Contractor Proprietary Products. The State shall make reasonable efforts not to disclose or disseminate Contractor's proprietary information to any third party that is not an agent of the State. The State will not be in breach of this provision by making any disclosure required by the Tennessee Public Records Act, T.C.A. 10-7-501 et seq.

E.4.c.   Acquired Knowledge and Skills.   Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.

E.4.d.   Development of Similar Materials.   Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.

E.   Delete Pro Forma Contract, Section A.5.d.iii in its entirety and replace it with the following:

iii.   Develop Training Plan as described in Contract Attachment C, Section C.2. Note that the State will not compensate the Contractor for any portion of the Implementation Phase until the State has provided written approval of the activation of the last of the 278 user licenses and written approval of the implementation of the last of the 26 Implementation sites (see Contract Attachment F), which shall occur after the completion of the Warranty Phase defined in the following Contract section. In the event that the State chooses to implement fewer than 26 sites, the payment shall be made upon the State's approval and written acceptance of the last site that is implemented, which shall occur after the completion of the Warranty Phase.

F.   Delete Pro Forma Contract, Section A.5.e in its entirety and replace it with the following:

A.5.e   **Warranty Phase.** The Contractor shall monitor the system software and hardware for all implemented locations, following the guidelines outlined in Contract Sections A.11 (System Warranty) and A.12 (System Support). The Contractor shall support the State implementation process through a six (6) month Warranty Period, which shall begin upon the State's acceptance and written approval of the first of the 26 implementation sites, which is Metro Center. During the Warranty Period, the Contractor shall repair any system (software and hardware) malfunctions or performance problems, at no cost to the State, as described in Contract Sections A.11 and A.12 below. The deliverables for this phase are as follows:

i.   Documentation as described in Contract Attachment A.9.

ii.   Training as described in Contract Attachment A.10.

G.   Delete Pro Forma Contract, Section A.6.a in its entirety and replace it with the following:

A.6.a.   The Contractor shall provide base license system support and maintenance, including telephone support and services to repair defects and to meet statutory requirements, as described at A.12 below. Base License System Support shall begin upon completion of the Warranty Phase (see Contract Section A.5.e, above). Contingent upon the State's payment of system support fees, the Base License System Support shall continue throughout the term of the contract, which, at the State's option, may be renewed by contract amendment.

H.   Delete Pro Forma Contract, Section A.11.a in its entirety and replace it with the following:

A.11.a. Warranty Period. The Contractor expressly warrants the IPSIS software provided to be defect free, properly functioning, and compliant with the terms of the Contract. The Warranty Period shall begin as described in A.5.e above and shall continue for six (6) months. Throughout the Warranty Period, the Contractor agrees:

i.   to repair or replace any malfunctioning hardware or hardware components within the timeframe described in A.12.a.ix.

ii.   with regard to hardware malfunctions, if the malfunction is the result of component failure rather than as a result of some accident, misuse, or loss of the component caused by the State, the Contractor shall repair or replace the malfunctioning hardware, at no additional cost to the State. In this event, the State shall <u>not</u> compensate the Contractor for any travel

to accomplish the repair. On the other hand, if the failure <u>is</u> the result of an accident, misuse, or loss caused by the State, the Contractor shall replace the component, and the State shall compensate the contractor for the replacement component in accordance with Contract Section C.3.b.vi; the State will compensate the Contractor for required travel to accomplish the replacement in accordance with Contract Section C.4.

iii. to provide corrections for any errors, defects, and/or design deficiencies in the IPSIS software reported by the State, and to provide such corrections within the timeframe described in A.12.a.ix. For purposes of this Contract, "design deficiencies" shall be defined as system code that does not perform substantially as described in design documents that have been previously developed and agreed to by the parties.

iv. to provide new versions of the software to keep the State abreast of the Contractor's current software product. Complete documentation of all system enhancements or revisions will be provided with new releases of software.

v. to provide updated hardware and/or components as necessary to ensure that the system remains technologically current.

vi. to extend to the State, at no additional cost, the benefits of any hardware/software warranties that exceed in any way (including, but not limited to, items covered, types of coverage, term of coverage) those described herein.

vii. except as specifically provided in Contract Section A.11.a.ii above, the State shall not compensate the Contractor for any travel required to make Warranty repairs.

I.   Delete Pro Forma Contract, Section A.11.b in its entirety and replace it with the following:

A.11.b. System Performance. After the written acceptance of the Implementation Phase, if the response time degrades to a level of non-compliance with the user-defined standard, as defined in Contract Attachment B, Section B.6, Performance Standards, and the State determines that the response problem is not due to State-provided hardware and/or software, then the Contractor will have one month from the date of notice by the State to restore the performance back to the required response times. Failure to meet the standard can effect the continuation of the contract and the State will not pay Base License System Support fees until such time as the standard is met.

J.   Delete Pro Forma Contract, Section A.12. (excluding its subsections) in its entirety and replace it with the following:

A.12.   System Support. As requested by the State, the Contractor shall provide System Support for the IPSIS system. This System Support shall cover all software and POS Peripheral hardware and hardware components provided under this Contract by the Contractor and any of its subcontractors/third parties. Apart from the System Support fees contained in Contract Section C.3.b, the Contractor shall not charge the State for System Support. The Contractor shall provide for System Support, as described below:

K.   Delete Pro Forma Contract, Section A.12.a.i in its entirety and replace it with the following:

i.   Make necessary adjustments and repairs to keep the POS Peripheral hardware and system software operating without abnormal interruptions and to correct latent deficiencies with respect to the software specifications. All hardware repairs are to be made on-site at the location of the failed hardware, through either repair or substitution with a working component.

L.   Delete Pro Forma Contract, Section A.12.a.ii in its entirety and replace it with the following:

ii. Make all necessary modifications, adjustments, and repairs to keep the POS Peripheral hardware and system software operating in compliance with applicable federal laws and regulations.

M. **Delete Pro Forma Contract, Section A.12.a.iii in its entirety and replace it with the following:**

iii. Provide hardware and software modifications for operation with the infrastructure, described in Contract Attachment B, Hardware/Infrastructure and Standards Requirements, for the term of the contract.

N. **Delete Pro Forma Contract, Section A.12.a.iv in its entirety and replace it with the following:**

iv. Provide new versions of the hardware and software to keep the State abreast of current POS technology and the Contractor's current software product. Complete user and technical documentation of all system enhancements or revisions will be provided with new hardware or releases of software. Documentation must describe, in a user-friendly manner, what the users and operators need to know to understand each level on which the hardware or software operates.

O. **Add the following as Pro Forma Contract, Section A.12.a.x:**

x. Unless otherwise specified in writing by the State to the Contractor, the Contractor shall be the State's sole contact with regard to System Support issues and shall be responsible for the completion of all repairs, regardless of whether the Contractor or a subcontractor/third party owns and/or directly maintains the faulty items. The State reserves the right to contact third-party providers of software or hardware directly, if this is deemed to be in the best interest of the IPSIS system. The Contractor's responsibility in this regard shall survive as long as the State remains current on its System Support payments.

P. **Add the following as Pro Forma Contract, Sections A.12.a.xi, A.12.a.xii, and A.12.a.xiii:**

xi. The State shall own all hardware and hardware components provided under this Contract.

xii. With regard to hardware component replacement after the expiration of the Warranty Period, if the malfunction is the result of component failure rather than as a result of some accident, misuse, or loss of the component caused by the State, the Contractor shall repair or replace the malfunctioning hardware, at no additional cost to the State. In this event, the State shall <u>not</u> compensate the Contractor for any travel to accomplish the repair. On the other hand, if the failure <u>is</u> the result of an accident, misuse, or loss caused by the State, the Contractor shall replace the component, and the State shall compensate the contractor for the replacement component in accordance with Contract Section C.3.b.vi; the State will compensate the Contractor for required travel to accomplish the replacement in accordance with Contract Section C.4.

xiii. If the State needs to buy additional hardware, for whatever reason, the State shall compensate the Contractor for the hardware in accordance with Contract Section C.3.b.vi., and will compensate the Contractor for any travel required to install the hardware in accordance with Contract Section C.4.

Q. **Delete Pro Forma Contract, Section C.3.b, Note 1 in its entirety and replace it with the following:**

Note 1: The State's obligation to pay the Contractor for the Base License System Support shall begin upon completion of the Warranty Period (See Contract Section A.11.a, above).

Since Base License System Support does not begin until the completion of the Warranty Period, there may be an offset between the Quarters, or three-month periods, of the Contract year and the first Base License System Support period. This means that the billing cycle for the first Base License System Support period may not match Contract year Quarter boundaries, and therefore there may be a partial quarter of Base License System Support when the State first begins receiving these services. In this event, the Contractor agrees to prorate the first Base License System Support invoice to accommodate the partial quarter.

In the event that any quarter of support is shortened, as in the case of the first period described above, or as a result of early contract termination, then the Contractor shall prorate the

quarterly Amount to adjust for the shorter quarter, and the State shall pay only this prorated amount.

R.   Delete Pro Forma Contract Section A.9 in its entirety and replace it with the following:

A.9.   System Documentation. The contractor shall provide IPSIS documentation, in the form of Users and Technical Documentation, tailored as needed to reflect the Requirements in Contract Attachment A. The Users Manual shall provide complete information and instructions in the day-to-day, non-technical business use of the IPSIS System. The technical documentation shall explain how the system accomplishes the task.

S.   Delete Pro Forma Contract Section A.12.b.ii(2) in its entirety and replace it with the following:

(2) Within twenty (20) calendar days, notify Contractor of acceptance or the specific shortcomings with respect to specifications of the software, documentation, efficiency or performance. If the State does not respond within 20 days the software will be considered accepted for the purpose of payment of an invoice but the State may notify the Contractor of latent shortcomings for subsequent correction. In the case of a latent shortcoming, one of the following cases will be true, either:

(a) the latent shortcoming is discovered prior to or during the Warranty Period described in Contract Sections A.5.e and A.11.a, in which case the Contract shall resolve the shortcoming at no additional cost to the State; or

(b) the latent shortcoming is discovered after the expiration of the Warranty Period, in which case, if the State is current in its System Support payments, the Contractor shall resolve the shortcoming in accordance with the System Support provisions of Contract Section A.12, at no additional cost to the State.

T.   Delete the second paragraph of RFP Section 4.10 in its entirety and replace it with the following:

Program coding, program unit testing, and system configuration may be performed at the Contractor's location and managed by the Contractor. Any communications costs related to program development will be the responsibility of the Contractor.

U.   Delete the fourth paragraph of RFP Section 4.10 ("The State may also request the Contract personnel travel . . .") in its entirety.

V.   Add the following as Contract Section C.4.d:

C.4.d.   The remainder of this Section C.4 notwithstanding, the State will not compensate the Contractor for any travel expenses related to the initial 131 POS Peripheral installations (see also Contract Section A.3.c).

W.   Delete the table labeled "Additional Users – System Support – 6.4.C *" from RFP Attachment 6.4, Cost Proposal & Scoring Guide in its entirety and replace it with the version included herein as AMENDMENT 2 – ATTACHMENT 2:

X.   Delete the fifth paragraph of Contract Attachment A, Section A.1, in its entirety and replace it with the following:

Cash drawer operations must provide for the capability for the integration of automated point of service, check validation, check acceptance (franking), scanning and barcode equipment. This integration must provide for equipment that will automate check validation, credit/debit card validation, check acceptance (franking), printing of receipt information, scanning and barcode reading. IPSIS must provide for receipt of funds from walk-in customers, U.S. mail and other carriers, financial institutions, State agencies, Internet sites and kiosks. The system must provide for the following methods of payment:
-Cash

-Checks (including money orders, cashier checks, certified checks, EFT checks, Comcheks, T-Cheks)
-Credit Cards
-Debit Cards
-Journal Voucher from state agencies (intrastate transfer of funds within State of Tennessee departments)
-Bank transfers, ACH transfers

Y. **Add the document labeled "Peripheral Component Supplement – 6.4.D.b," included herein as AMENDMENT 2 – ATTACHMENT 3, immediately following the existing Attachment 6.4, table entitled "Peripheral Component Installation – 6.4.D.a."**

Z. **Add the table labeled "C.3.b.vi – PERIPHERAL COMPONENT PRICING," and included herein as AMENDMENT 2 – ATTACHMENT 4, immediately following the existing SERVICE UNIT/MILESTONE table and immediately preceding "Note 1."**

AA. **Delete item A.2 of RFP Attachment 6.3, Section A, in its entirety and replace it with the following:**

	A.2 Provide the following as documentation of financial responsibility and stability. ▪ a current written bank reference, in the form of a standard, business letter, indicating that the Proposer's business relationship with the financial institution is in positive standing ▪ two current written, positive credit references, in the form of standard business letters, from vendors with which the Proposer has done business or, documentation of a positive credit rating determined by a accredited credit bureau within the last 6 months ▪ a copy of a valid certificate of insurance indicating liability insurance in the amount of at least One Million Dollars ($1,000,000.00)	

AB. **Add "Bar Code Scanner Specifications," included herein as Amendment 2 – Attachment 5, as Contract Attachment J.**

AC. **Add the following items to the RFP Table of Contents:**

I **Non-Negotiable Contractual Language……………………………..(Page # To Be Determined)**

J **Bar Code Scanner Specifications………………………………….(Page # To Be Determined)**

AD. **Delete the first paragraph, including its sub-sections i and ii, following the asterisked note that appears beneath the cost table in Contract Section C.3.a, in its entirety and replace it with the following:**

The State shall not compensate the Contractor for the Implementation Phase, or any portion thereof, until the State has given written approval of <u>both</u>:

    i. the implementation of the last of the 26 implementation sites (or, at the State's discretion, fewer than 26), with such written approval to occur upon completion of the Warranty Period; and

    ii. activation of the last of the 278 user licenses.

AE. **Delete the row labeled "6.4.A.4 Implementation Phase: . . ." from RFP Attachment 6.4, Section "Project Phases – 6.4.A" in its entirety and replace it with the following:**

6.4.A.4 Implementation Phase: Implementation of the System in the sites as described in Contract Attachment A, including all the requirements given in the *Pro Forma* Contract Section A and Contract Attachments. NOTE: (One time cost, payable upon written approval of the activation of the last of the 278 user licenses and written approval of the implementation of the last of the 26 Implementation sites (see Contract Attachment F), which shall occur after the completion of the Warranty Phase. Cost submitted should be based on the level of detail involved for Implementation.)		1	

AF. **Delete the row labeled "6.4.B.1 Base License System Support: . . ." from RFP Attachment 6.4, Section "Base License System Support – 6.4.B" in its entirety and replace it with the following:**

6.4. B.1 Base License System Support: Maintenance of the Base System, 278 users, including telephone support and services to repair defects and to meet statutory requirements, as defined in the *Pro Forma* Contract (A.6). **NOTE:** (Amount per quarter, from the completion of the Warranty Period to the end of Contract Year 1)		1	

AG. **Delete the row labeled "6.4.AU-IL.1 Additional Users – Initial Licensure: . . ." from RFP Attachment 6.4, Section "Additional Users – Initial Licensure – 6.4.AU-IL" in its entirety and replace it with the following:**

6.4.AU-IL.1 Additional Users - Initial Licensure: One-time, non-recurring, Initial Licensure fee for each additional block of 10 users, as defined in *Pro Forma* Contract (A.7.a). **NOTE:** (One-time cost , per block of 10 users, in effect during Contract Year 1, from the completion of the Warranty Period to the end of Contract Year 1)		1	

AH. **Delete Contract Section B.1 in its entirety and replace it with the following:**

B.1.   Contract Term. This Contract shall be effective for the period commencing on November 13, 2006 and ending on November 12, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

AI. **Delete Contract Section E.15 in its entirety and replace it with the following:**

E.15.   Performance Bond. Upon approval of the Contract by all appropriate State officials in accordance with applicable State laws and regulations, the Contractor shall furnish a

performance bond in the amount equal to One Hundred Eighty Thousand Dollars ($180,000.00), guaranteeing full and faithful performance of all undertakings and obligations under this Contract for the initial Contract term and all extensions thereof. The bond shall be in the manner and form prescribed by the State and must be issued through a company licensed to issue such a bond in the State of Tennessee.

The Contractor shall obtain the required performance bond in form and substance acceptable to the State and provide it to the State no later than November 3, 2006. Failure to provide the performance bond prior to the deadline as required shall result in contract termination.

In lieu of a performance bond, a surety deposit, in the sum of One Hundred Eighty Thousand Dollars ($180,000.00), may be substituted if approved by the State prior to its submittal.

Attachment I

Contract Language Restrictions and
Non-Negotiable Contractual Language

The State of Tennessee is committed to a fair and flexible procurement process that will allow potential proposers the opportunity to have input into the terms and conditions of the contract. Our goal is to arrive at a business arrangement that is in the best interests of the State and its contractors.

However, the State is bound by its Constitution and statutes to certain terms and conditions which would not necessarily apply to private business. Such restrictions upon the state include but are not limited to the items set forth below to inform in advance that associated issues are among those that may arise in contract negotiations.

1. Limitation of Liability This includes language relating to hold harmless, indemnification, and disclaimer of warranty clauses. We recognize that proposers have an interest in limiting liability that may arise under the contract. Historically, the State of Tennessee was not allowed to accept any limitations of liability or warranty since this was considered surrendering the rights of the citizens of the State. The Tennessee General Assembly granted some relief from this doctrine in 2000 with the passage of Tennessee Code Annotated section 12-4-119, which allows the State to accept certain limitations of liability.

However, this statute does not allow the State to limit the liability of a contractor below twice the value of the contract, or to limit liability for intentional torts, criminal acts, or fraudulent conduct. Any limitation or disclaimer that the State agrees to, including a limitation of liability for consequential damages, must fit within this statutory framework.

2. Confidentiality. We recognize that proposers consider it important to restrict distribution of proprietary information. The State of Tennessee, like most government entities, is subject to an open records statute. The Tennessee statute, T.C.A. 10-7-504, has been interpreted by the courts to require that all State records be open unless there is an express exemption in a statute, and the State cannot avoid this obligation by contract.

The General Assembly has granted an exemption that provides some protection to procurements of this type. Specifically, Section 10-7-504(a)(18) provides:

> Computer programs, software, software manuals, and other types of information manufactured or marketed by persons or entities under legal right and sold, licensed, or donated to Tennessee state boards, agencies, or higher education institutions shall not be open to public inspection, provided that computer programs, software, software manuals, and other types of information produced by state or higher education employees at state expense shall be available for inspection as part of an audit or legislative review process.

However, this language may be inconsistent with confidentiality language in some proposers' form contracts.

3. Remedies. Many proposers ask their customers to agree to certain forms of relief for breaches of contract which the State cannot agree to. Tennessee Constitution Article I, Section 17, provides that the State can only surrender its sovereign immunity in circumstances permitted by the Tennessee General Assembly. In the case of State contracts, the State has consented to be sued in the Tennessee Claims Commission under T.C.A. 9-8-307 et seq. The Claims Commission can award money damages against the State and provides for appeal to the Tennessee court system. However, the State cannot agree to many forms of remedy which proposers often request, such as injunctive relief, binding arbitration or mediation, jurisdiction in any court outside Tennessee, or the payment of court costs and attorney fees.

4. Restrictions on Use of Work Product. Many information technology contractors request that the State place limitations on its use of products supplied or developed under the contract. Such arrangements are scrutinized carefully by State government regulators due to concerns that the State is placing unwarranted burdens on its right to use its own property. Another concern is that a set of complicated restrictions on use will be burdensome to enforce for a product that will be used for many purposes over many years by a large government organization. The language on use of work products in the State pro forma contract has been developed based on considerable experience in dealing with information technology contractors. We are open to suggestions on amendments to this language but any negotiations must take the State's concerns into account.

Additional Users - System Support - 6.4.C *		State Use ONLY	
Cost Item Description	Proposed Cost	Weight	Weighted Cost
6.4.C.1 Additional Users - System Support: Maintenance of the System, each additional 10 users, including telephone support and services to repair defects and to meet statutory requirements, as defined in the *Pro Forma* Contract (A.7.b). NOTE: (quarterly cost, per block of 10 users, Contract Year 1, from the completion of the Warranty Period to the end of Contract Year 1)		1	
6.4.C.2 Additional Users - System Support: Maintenance of the System, each additional 10 users, including telephone support and services to repair defects and to meet statutory requirements, as defined in the *Pro Forma* Contract (A.7.b). NOTE: (quarterly cost, per block of 10 users, Optional Year 2).		16	
6.4.C.3 Additional Users - System Support: Maintenance of the System, each additional 10 users, including telephone support and services to repair defects and to meet statutory requirements, as defined in the *Pro Forma* Contract (A.7.b). NOTE: (quarterly cost, per block of 10 users, Optional Year 3).		36	
6.4.C.4 Additional Users - System Support: Maintenance of the System, each additional 10 users, including telephone support and services to repair defects and to meet statutory requirements, as defined in the *Pro Forma* Contract (A.7.b). NOTE: (quarterly cost, per block of 10 users, Optional Year 4).		68	
6.4.C.5 Additional Users - System Support: Maintenance of the System, each additional 10 users, including telephone support and services to repair defects and to meet statutory requirements, as defined in the *Pro Forma* Contract (A.7.b). NOTE: (quarterly cost, per block of 10 users, Optional Year 5).		100	

*   Prior to Contract execution, the amounts on this table will be entered into Contract Section C.3.b.iii.

	Peripheral Component Supplement - 6.4.D.b					
	The Proposer must use this table to itemize **each component** that composes **the exact same configuration** proposed on the preceding table labeled "Peripheral Component Installation – 6.4.D.a." It is not necessary to itemize parts, but all distinct components must be listed. On a separate line on the table below, in the Peripheral Component Description column, the Proposer must fully describe each component that makes up the complete configuration proposed on 6.4.D.a. Under the Component Cost column for the appropriate Contract year, the Proposer must enter the cost for each component. There is a separate line on which the Proposer must enter the combined cost for incidentals; the Proposer must record a combined cost for incidentals here. The Proposer may add additional rows to the table, if necessary, to accommodate a greater number of peripheral components. The Proposer must also total each Component Cost column and fill in the "TOTAL BY YEAR FOR ALL ITEMIZED COMPONENTS" row. Within each year, the "TOTAL BY YEAR FOR ALL ITEMIZED COMPONENTS" must be equal to, or less than, the amount proposed for that same year for "Peripheral Component Installation" on the table labeled "Peripheral Component Installation – 6.4.D.a." NOTE THAT THE AMOUNTS PROPOSED ON THE TABLE BELOW (Peripheral Component Supplement – 6.4.D.b) WILL BE USED IN CONTRACT SECTION C.3.b.vi TO ESTABLISH UNIT RATES, IN CASE THE STATE NEEDS TO PURCHASE INDIVIDUAL COMPONENTS. HOWEVER, THE RATES PROPOSED ON THIS TABLE 6.4.D.b WILL NOT BE EVALUATED OR SCORED.					
	Peripheral Component Description	Year 1 Component Cost	Year 2 Component Cost	Year 3 Component Cost	Year 4 Component Cost	Year 5 Component Cost
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.	Incidentals					
	TOTAL BY YEAR FOR ALL ITEMIZED COMPONENTS: Each of these yearly totals must be equal to, or less than, the "Proposed Cost" for the same year as proposed on the "Peripheral Component Installation – 6.4.D.a" table.					

C.3.b.vi – PERIPHERAL COMPONENT PRICING					
PERIPHERAL COMPONENT DESCRIPTION	Year 1	Year 2	Year 3	Year 4	Year 5
1.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
2.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
3.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
4.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
5.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
6.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
7.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
8.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
9.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
10.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
11.	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component
12. Incidentals	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component	$[Amount] per component

Attachment J

Bar Code Scanner Specifications

IT4600 Specifications

Performance

Illumination LEDs:	626nm ±30nm
Aiming:	
Green LED Aimer:	526nm ±30nm
Image:	VGA, 752x480. Binary, TIFF, or JPEG output.

Working Range:

IT4600 SR	8.3 mil Linear (.021cm)	13 mil UPC (.033cm)	6.6 mil PDF417 (.017cm)	10 mil PDF417 (.025cm)	15 mil Data Matrix (.038cm)	35 mil MaxiCode (.089cm)
Near	3.5 in. (8.9cm)	2.1 in. (5.3cm)	4.4 in. (11.2cm)	3.0 in. (7.6cm)	2.3 in. (5.8cm)	2.0 in. (5.1cm)
Far	7.5 in. (19.1cm)	13.1 in. (33.3cm)	6.1 in. (15.5cm)	8.9 in. (22.6cm)	10.1 in. (25.7cm)	12.9 in. (32.8cm)
IT4600 SF	7.5 mil Linear (.019cm)	13 mil UPC (.033cm)	6.6 mil PDF417 (.017cm)	10 mil PDF417 (.025cm)	15 mil Data Matrix (.038cm)	15 mil QR Code (.038cm)
Near	2.5 in. (6.4cm)	2.0 in. (5.1cm)	2.8 in. (7.1cm)	2.2 in. (5.6cm)	1.8 in. (4.6cm)	2.2 in. (5.6 cm)
Far	6.4 in. (16.3cm)	8.8 in. (22.4cm)	5.9 in. (15.0cm)	7.5 in. (19.1cm)	7.4 in. (18.8cm)	7.1 in. (18.0cm)

Skew Angle:	±40°
Pitch Angle:	±40°
Motion Tolerance:	4 in. (10 cm) per second

Mechanical/Electrical

Dimensions	
Length:	5.3 in. (13.5 cm)
Height:	6.2 in. (15.7 cm)
Width:	3.2 in. (8.1 cm)
Weight:	6.5 oz. (184.3 g)
Housing:	UL 94V0 grade
Power Requirements:	4.0 - 14VDC at imager

Current Draw (Typical)	Input	Scanning	Idle
Green LED Aimer:	5 V	362mA	53mA

Power Supply

| Noise Rejection: | Maximum 100mV peak to peak, 10 to 100 kHz |

Environmental

Sealing:	IP41 (Water and Dust Resistant)
Temperature	
Operating:	32°F to +122°F (0°C to +50°C)
Storage:	-40°F to 158°F (-40°C to +70°C)
Humidity:	0 to 95%, non-condensing
Mechanical Shock:	Operational after 50 drops from 6 ft. (1.8 m) to concrete
Ambient Light:	0 to 100,000 lux (full sunlight)
ESD Protection:	Functional after 100 15kV discharges
Vibration:	Withstands 5G peak from 22 to 300 Hz
Agency:	FCC Class B, CE EMC Class B, CE Low Voltage Directive, IEC60825-1 LED Safety: Class 1, UL, cUL listed, TÜV, 2005 Sunrise Compliant

Laser Classification	
Laser Aimer Model only:	Class 2 under 21 CFR 1040.10 and 1040.11
	1mW max output, 650 nM, EN60825-1: 1994+A11+A2
MTBF:	per MIL-HDBK-217F Ground Benign exceeds 70,000 hours

Symbologies

2 Dimensional:	PDF417, MicroPDF417, MaxiCode, Data Matrix, QR Code, Aztec, Aztec Mesas, Code 49, and EAN•UCC Composite
Linear:	Codabar, Code 39, Interleaved 2 of 5, Code 93, Code 128, UPC, EAN, RSS, Codablock F, and BC412*
	*available to licensed users
Postal (SR/SF Only):	Postnet, Planet Code, British Post, Canadian Post, Japanese Post, KIX (Netherlands) Post
OCR Fonts (SR/SF Only):	OCR-A, OCR-B
Interfaces:	All popular PCs and terminals via keyboard wedge, keyboard replacement/direct connect, USB, TTL level RS-232, wand emulation (primary interface only) mode, TTL level Serial Wedge, and IBM 46XX retail terminals. HHLC non decoded laser output in 4600SR000 model. True RS-232 in 4600SR030 model.
Warranty:	5 year warranty